

VALUATION OF EQUITY SHARES
&
DETERMINATION OF SWAP RATIO

IN THE CASE OF
AMALGAMATION
OF

XENOS AUTOMOTIVE LIMITED
(TRANSFEROR COMPANY)

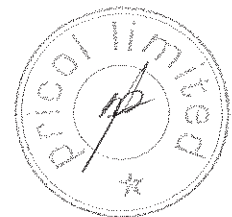
WITH

PRICOL LIMITED
(TRANSFeree COMPANY)

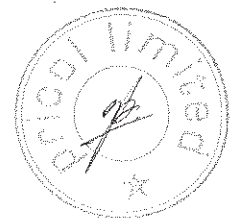
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for pricol limited


T.G. Thamizhanban
Company Secretary



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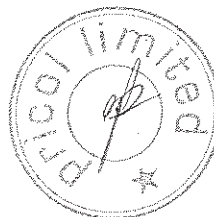
**VALUATION OF EQUITY SHARES OF
PRICOL LIMITED, COIMBATORE**

Pricol Limited came into existence in the year 1972 as a public limited company for carrying on the business of manufacturing and selling of Driver Information Systems (Instruments Cluster, Gauges, Telematics etc), Powertrain products (Oil Pumps, Water Pumps etc), Sensors, Actuators and Switches (Temperature sensors, power socket etc) and Asset Management Systems (Vehicle Tracking System etc) to Original Equipment Manufacturers (OEM) and replacement markets.

The Company is managed by the Board of Directors consisting of family members of the Promoter Group and other Professionals. The Company has a team of qualified and experienced executives in charge of various functions.

With a view to consolidate all related activities under one fold so as to achieve:

- Economies of scale;
- Reasonable size of operations that will improve the stature of the company;
- Creating a good platform to enter into vehicle accessories market and increase the presence in retail market and after sales services
- Increased operational efficiency, better utilisation of pooled resources leading to higher market share;
- Integration of administrative practices and implementation of uniform management practices;



- Improved market share by entering into accessories space with OEMs by offering more products, leveraging the existing infrastructure through the Branch offices and service centers of the Transferor company, increased cash flows, directly and indirectly, by taking over the current assets of the transferor company and reduced Direct tax outflow by utilizing the carried forward losses of transferor company.

The Board of Directors of the following group companies have decided to amalgamate in the manner stated below with effect from 01.01.2014:

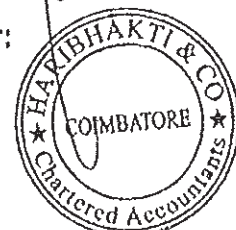
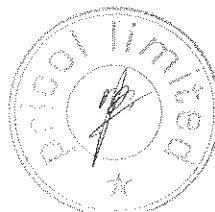
SL. NO.	NAME	STATUS	ACTIVITY	TRANSFEROR/ TRANSFEREE
1	Pricol Limited	Public	Business of Manufacturing Automobile Parts to OEM'S	TRANSFEREE
2	Xenos Automotive Limited	Public	Business of manufacturing and trading of vehicle assessories	TRANSFEROR

On amalgamation the transferee company shall be called as "Pricol Limited".

While a direct acquisition involves the determination of the purchase consideration, an acquisition through merger of one company with another involves determination of:

- Share-price of the companies involved (valuation) and
- Share exchange ratio.

The Valuation has been done broadly based on the guidelines on share valuation prescribed by the Department of Economic Affairs, Ministry of Finance, Government of India. The methods adopted for determining the Fair Value of the equity shares of the company are detailed hereunder:



a) Profit Earning Capacity Value (PECV):

Under this method, average after tax profits of the company has been worked out based on the profits for the years ended 31st March 2010 to 31st March 2013 & half year ended 30th September, 2013 (based on audited accounts) after excluding exceptional items and capitalized at an appropriate rate to arrive at the value of the equity shares of the company.

b) Net Assets Value (NAV):

Under this method, the net assets value (total assets less total liabilities) of the company has been worked out, based on the Assets and Liabilities of the company as at 30th September, 2013 to arrive at the value of the equity shares of the company.

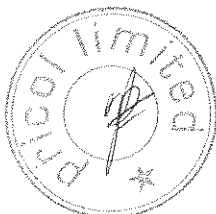
Accordingly, the value of the shares of the company under each of the above methods has been arrived at as indicated below:

Method adopted	₹	Remarks
Profit Earning Capacity Value Per Share	11.83	Refer Page No. 4
Net Asset Value per Share	32.37	Refer Page No's:5 & 6
Face Value per Share	1.00	
Fair Value per Share on weighted basis	20.295	Refer Page No.13

SOURCES OF INFORMATION RELIED UPON:

We have relied upon the Audited Financial Statements of the entity for the years/period under consideration besides the discussion we had with the Executives of the Entity on the Synergy, Rationale, etc.. We did validate the facts with the Industry sources and Experts in the field.

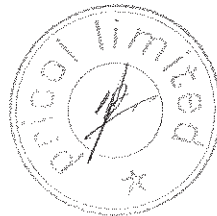
Coimbatore
9th January 2014



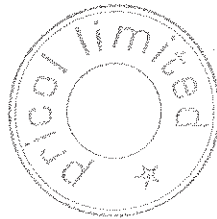
For Haribhakti & Co
Chartered Accountants
Firm Regn. No. 103523W

C S Sathyanarayanan
Partner
Membership No. 028328

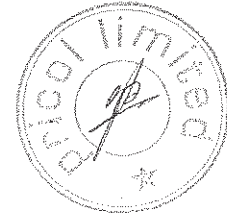
PRICOL LIMITED VALUATION OF SHARES AS ON 30.09.2013	
PROFIT EARNING CAPACITY VALUE METHOD	
Particulars	₹ In lakhs
Profit before tax- 31.03.10	2,745.74
31.03.11	2,157.23
31.03.12 (Excl Exceptional Item)	1,689.57
31.03.13	1,367.17
30.09.13 <u>Annualised</u> (Excl Exceptional Item)	1,970.38
	9,930.09
Average of five years' profit before tax	1,986.00
Less : Provision for Taxation @ 32.445	644.36
Average of profit after tax	A 1,341.64
No. of Shares of ₹ 1/- each	B 9,45,00,000
Average earning per share	A/B 1.42
Capitalisation Rate	0.12
Value per Share (Face Value of ₹ 1/- each) (rounded off)	11.83
say for Face Value of Rs.10 per share	118.31



Pricol Limited VALUATION OF SHARES BASED ON BALANCE SHEET AS AT 30.09.2013		
NET ASSET METHOD - APPLICATION		
Particulars		₹
Fixed Assets		1,74,90,03,168
Capital WIP		5,34,01,378
Investments		43,65,49,904
Deferred Tax Assets		-
Long Term Loans & Advances		5,07,40,065
Other Non Current Assets		58,20,81,906
Current assets		2,79,26,88,744
		5,66,44,65,165
Less :		
Long term liabilities		
Deferred Tax Liabilities		5,00,00,000
Long term provisions		3,26,23,266
Share Warrants		-
Current Liabilities		2,52,25,67,633
NETWORTH	A	3,05,92,74,266
Number of equity shares of ₹ 1/- each	B	9,45,00,000
NET ASSET VALUE PER SHARE(Rounded off)	A/B	32.37



Pricol Limited VALUATION OF SHARES BASED ON BALANCE SHEET AS AT 30.09.2013	
NET ASSET METHOD -SOURCE	
Particulars	₹
Equity Share capital	9,45,00,000
Reserves & Surplus	2,96,47,74,266
NETWORTH	3,05,92,74,266
Less: Contingent Liabilities	-
Number of equity shares of ₹ 1/- each	9,45,00,000
NET ASSET VALUE PER SHARE(Rounded off)	32.37



**VALUATION OF EQUITY SHARES OF
XENOS AUTOMATIVE LIMITED, COIMBATORE**

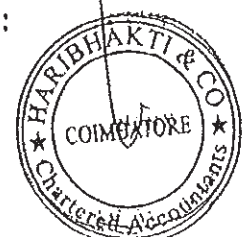
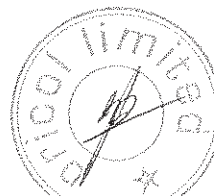
Xenos Automotive Limited came into existence in the year 2002 as a public limited company for carrying on the business of manufacturing (including contract manufacturing) and dealing with vehicle accessories in the areas of Vehicle Security Systems, Parking Assistance Systems, Audio & Video Systems, Auto Accessories like mobile charger, power sockets etc at Coimbatore.

The Company is managed by the Board of Directors consisting of family members of the Promoter Group and other Professionals. The Company has a team of qualified and experienced executives in charge of various functions.

With a view to consolidate all related activities under one fold so as to achieve:

- Economies of scale;
- Reasonable size of operations that will improve the stature of the company;
- Creating a good platform to enter into Original Equipment Manufacturers (OEMs) and increase the presence and market share;
- Increased operational efficiency, better utilisation of pooled resources; and
- Integration of administrative practices and implementation of uniform management practices;

The Board of Directors of the following group companies have decided to amalgamate in the manner stated below with effect from 01.01.2014:



SL. NO.	NAME	STATUS	ACTIVITY	TRANSFEROR/ TRANSFEEE
1	Pricol Limited	PUBLIC	Business of Manufacturing Automobile Parts to OEM'S	TRANSFEEE
2	Xenos Automotive Limited	Public	Business of manufacturing and trading of vehicle accessories	TRANSFEROR

On amalgamation the transferee company shall be called as "Pricol Limited".

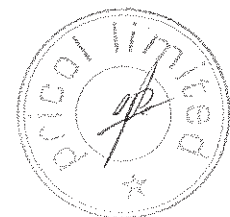
While a direct acquisition involves the determination of the purchase consideration, an acquisition through merger of one company with another involves determination of:

- Share-price of the companies involved (valuation) and
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The Valuation has been done broadly based on the guidelines on share valuation prescribed by the Department of Economic Affairs, Ministry of Finance, Government of India. The methods adopted for determining the Fair Value of the equity shares of the company are detailed hereunder:

a) Profit Earning Capacity Value (PECV):

Under this method, average after tax profits of the company has been worked out based on the profits for the years ended 31st March 2010 to 31st March 2013 & half year ended 30th September, 2013 (based on audited accounts) and capitalized at an appropriate rate to arrive at the value of the equity shares of the company.



b) Net Assets Value (NAV):

Under this method, the net assets value (total assets less total liabilities) of the company has been worked out, based on the Assets and Liabilities of the company as at 30th September, 2013 to arrive at the value of the equity shares of the company.

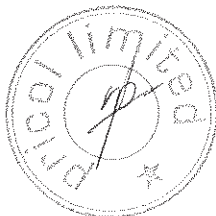
Accordingly, the value of the shares of the company under each of the above methods has been arrived at as indicated below:

Method adopted		Remarks
Profit Earning Capacity Value Per Share	Nil *	Refer Page No. 10
Net Asset Value per Share	Nil *	Refer Page No's:11 & 12
Face Value per Share	10.00	
Fair Value per Share on Weighted basis	0.167	Refer Page No.13

* Negative PECV & NAV and hence considered as Nil

SOURCES OF INFORMATION RELIED UPON:

We have relied upon the Audited Financial Statements of the entity for the years/period under consideration besides the discussion we had with the Executives of the Entity on the Synergy, Rationale, etc. We did validate the facts with the Industry sources and Experts in the field.



Coimbatore
9th January 2014

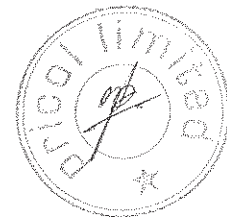


For Haribhakti & Co
Chartered Accountants
Firm Regn. No. 103523W

C S. Sathyanarayanan
Partner

Membership No. 028328

Xenos Automotive Limited VALUATION OF SHARES AS ON 30.09.2013	
PROFIT EARNING CAPACITY VALUE METHOD	
Particulars	₹
Profit before tax- 31.03.10	(1,194.86)
31.03.11	(480.32)
31.03.12	(928.78)
31.03.13	(933.94)
30.09.13 <u>Annualised</u>	(1,075.07)
	(4,612.97)
Average of five years' profit before tax	(923.00)
Less : Provision for Taxation	
Average of profit after tax	(923.00)
No. of Shares of ₹ 10/- each	35840000
Average earning per share	(0.00)
Capitalisation Rate	15%
Value per Share (Face Value of ₹ 10/- each) (Rounded off)	(0.00)



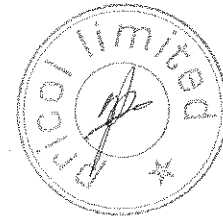
HARIBHAKTI & CO.
Chartered Accountants

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Xenos Automotive Limited VALUATION OF SHARES BASED ON BALANCE SHEET AS AT 30.09.2013		
NET ASSET METHOD - APPLICATION		
Particulars		₹
Fixed Assets		1,38,61,975
Long Term Loans & Advances		48,13,869
Other Non Current Assets		10,11,600
Current assets		16,43,43,879
		18,40,31,322
Less :		
Long term liabilities		35,99,39,921
Current Liabilities		9,89,94,168
NETWORTH	A	(27,49,02,766)
Number of equity shares of ₹ 10/- each	B	3,58,40,000
NET ASSET VALUE PER SHARE(Rounded off)	A/B	(7.67)

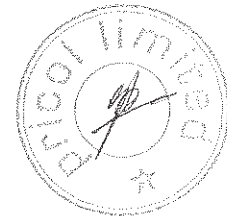
NET ASSET VALUE PER SHARE(Rounded off) Per Re.1 per share

(0.77)



Xenos Automotive Limited VALUATION OF SHARES BASED ON BALANCE SHEET AS AT 30.09.2013		
NET ASSET METHOD -SOURCE		
Particulars		₹
Equity Share capital (Including the proposed conversion of loan into capital) **		35,84,00,000
Reserves & Surplus		(63,33,02,766)
		(27,49,02,766)
Less: Amount received from Promoters		
NETWORTH	C	(27,49,02,766)
Number of equity shares of ₹ 10/- each	D	3,58,40,000
NET ASSET VALUE PER SHARE(Rounded off)	C/D	(7.67)
NET ASSET VALUE PER SHARE(Rounded off) Per Re.1 per share		(0.77)

** - The Unsecured Loan brought in by the Promoters as on 30.9.2013 of Rs. 32,44,00,000 has been converted into Equity Capital in December 2013.



STATEMENT SHOWING COMPUTATION OF FAIR VALUE OF EQUITY SHARES AND SWAP RATIO				
FAIR VALUE OF EQUITY SHARES				
Particulars	Weight	Pricol Limited	Xenos Automotive Limited	Remarks
Value per equity share under Profit earning capacity method	2	23.66	0.00	Negative PECV and hence considered as NIL
Value per equity share under Net worth method	3	97.11	0.00	Negative Networth hence considered NIL
Face Value	1	1.00	10.00	
Aggregate Value		121.77	10.00	
Aggregate Value for Face Value of 10 per Share		1217.7	10.00	
FAIR VALUE PER EQUITY SHARE OF ₹ 1/- EACH		20.295	0.167	
SWAP RATIO		1.00	0.00821	

1 SHARE OF PRICOL LIMITED WOULD BE ISSUED FOR EVERY 122 SHARES OF XENOS AUTOMOTIVE LIMITED

